

Education and Workforce Development Cabinet

Kentucky's unemployment rate down in November 2013

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FRANKFORT, Ky. (Dec. 19, 2013) — Kentucky's seasonally adjusted preliminary unemployment rate fell to 8.2 percent in November 2013 from a revised 8.4 percent in October 2013, according to the Office of Employment and Training (OET), an agency of the Kentucky Education and Workforce Development Cabinet.

The preliminary November 2013 jobless rate was 0.2 percentage points above the 8 percent rate recorded for the state in November 2012.

The U.S. seasonally adjusted jobless rate went down to 7 percent in November 2013 from 7.3 percent in October 2013, according to the U.S. Department of Labor.

Labor force statistics, including the unemployment rate, are based on estimates from the Current Population Survey of households. It is designed to measure trends rather than to count the actual number of people working. It includes jobs in agriculture and those classified as self-employed.

In November 2013, Kentucky's civilian labor force was 2,058,641, a decrease of 5,433 individuals compared to the previous month. Employment dropped by 2,053, while the number of unemployed people decreased by 3,380.

"Kentucky's labor market has struggled since late spring. The labor force — that is, the number of people who are either employed, or are looking for work — has shrunk to the lowest level since February 2010. The number of employed has also gone down, but not by as much. That's caused the unemployment rate to stabilize at 8.2 percent," said economist Manoj Shanker of the OET.

"The steady retirement of baby boomers is the main cause of the shrinking labor force in Kentucky," he added.

In a separate federal survey of business establishments that excludes jobs in agriculture and people who are self-employed, Kentucky's seasonally adjusted nonfarm employment increased by 6,900 jobs to 1,839,200 in November 2013 from the previous month. On an over-the-year basis, the state's nonfarm employment has added 4,800 jobs.

Nonfarm data is provided by the Bureau of Labor Statistics' Current Employment Statistics program. According to this survey, eight of Kentucky's 11 major nonfarm North American Industry Classification System (NAICS) job sectors registered gains in employment, while two declined and one stayed the same this month.

Kentucky's professional and business services sector added 5,200 jobs in November 2013. This category includes establishments engaged in services that support the day-to-day activities of other organizations, including temporary employment services. Since last November, jobs in the sector have increased by 9,500.

"Growth in business support services, including temporary services, is usually at the expense of employment in other areas like manufacturing and health services. Businesses increasingly outsource non-core activities like record-keeping, payroll and maintenance," said Shanker.

The state's leisure and hospitality sector posted a gain of 1,200 jobs in November 2013. Since November 2012, the sector has grown by 4,700 positions. This sector includes arts, entertainment, recreation, accommodation and food services.

The financial activities sector rose by 900 jobs in November 2013. Compared to November a year ago, businesses involved in finance, insurance, real estate and property leasing have increased by 1,100 jobs.

"The finance and insurance sector has seen 27 months of steady expansion, but the real estate portion of this sector has hit numerous bumps with the fluctuation of mortgage rates," said Shanker.

The government sector, which includes public education, public administration agencies and state-owned hospitals, increased by 900 jobs in November 2013. The sector had 200 fewer jobs compared to November 2012.

"The month-to-month gain was almost entirely due to the federal government shutdown in October, resulting in a drop of employment, which swung back in November," said Shanker.

The number of jobs in the other services sector, which includes repairs and maintenance, personal care services, and religious organizations, was up by 500 positions in November 2013. Compared to a year ago, there has been a loss of 2,100 jobs.

The state's manufacturing sector added 400 positions in November 2013. Since November 2012, employment in manufacturing has fallen by 1,800 jobs.

"The outlook for manufacturing durables, especially auto, has perked up. The Institute of Supply Management's index is now the highest since April 2011. Job growth remains strong in the motor vehicles sector, but has dropped in the area of nondurables," said Shanker. "Part of the reason is the movement of high-wage manufacturing industry jobs to relatively lower-wage temporary services. This allows a firm to engage in strategic outsourcing of ancillary jobs, while retaining critical jobs within the company framework."

The educational and health services sector increased by 100 positions in November 2013. The sector has risen by 1,100 jobs since November 2012.

Employment in the mining and logging sector nudged up by 100 from October 2013 to November 2013. The number of jobs in this sector has dropped by 800 since last November.

The information sector remained flat in November 2013. This segment has declined by 1,500 positions since November 2012. The industries in this sector include traditional publishing as well as software publishing; motion pictures and broadcasting; and telecommunications.

Kentucky's trade, transportation and utilities sector lost 300 jobs in November 2013. This is the largest sector in Kentucky with 371,700 positions, and accounts for about 20 percent of nonfarm employment. Since November 2012, jobs in this sector have declined by 4,600.

"The month-to-month drop in this sector has been chiefly in the wholesale trade subsector, down 2,500, and in warehousing, down 1,700," said Shanker.

The construction sector fell by 2,100 positions in November 2013 from a month ago. Since November 2012, employment in construction has dropped by 600 jobs.

Civilian labor force statistics include nonmilitary workers and unemployed Kentuckians who are actively seeking work. They do not include unemployed Kentuckians who have not looked for employment within the past four weeks.

Kentucky's statewide unemployment rate and employment levels are seasonally adjusted. Employment statistics undergo sharp fluctuations due to seasonal events, such as weather changes, harvests, holidays and school openings and closings. Seasonal adjustments eliminate these influences and make it easier to observe statistical trends. However, because of the small sample size, county unemployment rates are not seasonally adjusted.

Learn more about Kentucky labor market information at www.kylmi.ky.gov.